

Regulatory Activity/Legal

CONFIDENTIAL

Prius Headlight System Preliminary Evaluation (PE)

- TMS has been named in a Class Action Lawsuit regarding this issue. TMC-JCQE will coordinate (through TMC Legal) with our attorneys to harmonize the strategy moving forward for both lawsuit and NHTSA PE.
- No new activity.
- Starting with this investigation, TMC-JCQE will directly contact NAPO for parts sales information rather than going through TMC-OPAD.
- A partial response to the IR letter was submitted to NHTSA on June 26th which included all relevant field information, warranty data, etc. Toyota received 1379 reports from Prius owners which allege that one or both of the headlamps failed while driving.
- The remaining portion of the IR is being circulated for approval. At TMA request, the agency has given Toyota until July 24th to finalize it's response among TMC, TMS, and TMA.

ES 350 and ES 300 Unintended Acceleration Defect Petition (DP)

- No new information from NHTSA. However, TMA believes that the agency will most likely deny the DP and close this issue.

'03 - '05 MY Toyota Sequoia VSC (Engineering Analysis EA09-006)

- Compliance has located a '05 MY Sequoia for the NHTSA demonstration. The vehicle will be purchased and shipped to the supplier test facility in Brimley, Michigan.
- The test unit was shipped to Brimley on 7-17. Timing for the demonstration with NHTSA is expected between mid August to the end of September.

Special Service Campaign/Limited Service Campaign/Customer Support Programs

Corporate Accessories (CAD)

1st NCIR (No label installed when required or incorrect values on label)

- Compliance continues to work on the first phase to mail Load Carrying Capacity Modification (Addendum) Labels to approximately 333,000 owners.
- TMA submitted an Amended Noncompliance Information Report to NHTSA on 7-17 for 09V-223. The amendment adds the affected date range from September 1, 2005 thru June 2, 2008. As a result, the quantity of units reported in this NCIR increased from 1,348 to 27,080. The remedy for these vehicles will be the installation of a new or revised addendum label.
- Compliance is coordinating the containment and correction of all TMS and affiliate lease vehicles in an effort to remedy any FMVSS 110 issues before the cars are sent to auction. This activity will prevent the need for future action on vehicles sold to consumers after the TMS (or affiliate) leases have expired.

2nd NCIR (Combined accessory and occupant weight exceeds GVWR)

- Second NCIR for 1,281 vehicles equipped with CAD accessories was filed on 06/23. 1,195 Siennas (06 – 09 MY), 3 Land Cruisers ('04 MY) and 83 GX 470s ('09 MY) are involved.
- Upon further investigation, it appears the Land Cruisers may no longer be involved. These may be removed in a NCIR update.
- Also, TMA and TMC are concerned that simply using the Addendum Label initiation date may result in a NHTSA investigation for the remaining Sienna and GX vehicles. Therefore, CAD is currently researching these vehicles until the first production date of this generation model.

Other Potential Upcoming Activities

Type	Model and MY	Model and Description	UIO	Potential Timing
CSP/SPA	'01-'04 MY Prius	Throttle Plate cleaning due for MIL "ON"	51,500	July, '09
LSC	'10 MY RX	Sub-W/H Installation	8,200	July/Aug. '09
SSC (SR)	'09-'10 MY Corolla and Matrix,	In extreme cold areas, insert Vacuum Port between intake manifold and throttle body	496,000	July - Sept. '09

Quality Compliance [AD]

	'08-'09 MY xD			
CSP/SPA	'01-'07 MY Prius, '06-'08 MY Highlander HV/RX400h	HV Water Pump	550,600	Early Sept. '09
SSC/LSC	Various Toyota and Lexus	2GR Engine VVT Oil Pipe	1,400,000	Oct. - Nov. '09
CSP and LSC	Last Gen. Tundra	Frame Corrosion Perforation	TBD	TBD

CONFIDENTIAL

Pre-Delivery Correction (Port Modification) Activity

2010 Sequoia Sun Visor Labels

- 694 TMMI built '10 MY Sequoia vehicles may have mixed Middle East or U.S. spec labels installed on the sun visors.
- Inspection and repair of the held units will begin on 07/06 and expected to be completed by 07/10.
- The inspection takes less than 30 seconds. If necessary, the visors will be replaced at the Ports and Railheads, which takes approximately 15 minutes.
- As of 7-16, 739 Sequoias of 742 (amended from 694) have been inspected and released. 33 vehicles required exchange of the sun visors for a failure rate of 4.4%.
- Due to plant shut down during the week of July 17th and in order to reduce travel costs to multiple locations for inspection of a small quantity of vehicles, Technical Compliance facilitated and managed the repair for 90% of port and railhead locations. Replacement parts were sent to TMS SDC for distribution to ports and railheads, as vehicles in need of repair were found.
- Seven vehicles remain to be repaired in order to complete this activity. Target is July 22nd.

2008 Solara Convertible Rear Defogger Function (306 Solara)

- 9 out-of 306 vehicles remain to be repaired as of 07/02. (Georgetown: 4, Long Beach: 4* and Houston: 1*)
- ** First parts shipped to them were damaged in-transit. TMMK is working to send convertible top skins and teams to re-skin these 5 units.*
- All vehicles have been repaired and released. As of 7-14, 73 of the approximately 306 repaired vehicles have been retailed while 148 have been delivered to dealer stock.

EH&S Compliance Activity

HV Battery Recovery

- Objective is to establish an efficient process for recovering 100% of the End of Life HV Batteries from Toyota Dealers and the dismantling industry. This will ensure that batteries introduced into commerce are recovered in a safe manner, as well as to create a low cost raw material source for future HiMH batteries.
- As a part of this activity, EH&S Compliance Group is leading four cross organizational work groups to: Improve the battery recovery process from dealers, Establish reusable packaging for battery recovery, Establish core charges for battery sales to encourage 100% return and Export Hazmat U training records into UOT Enterprise Systems in an effort to ensure battery shippers are properly trained.

End of Life Vehicle Solutions (ELVS)

- ELVS BOD is planning a special session for contingency planning in the event that bankruptcy forces GM to absolve itself from mercury switch recovery responsibility.
- The Old GM is responsible for about 55% of the mercury switches currently in the stream of commerce. GM is also responsible for about 30% of the costs to operate ELVS and 55% of the costs to recover legacy mercury switches from dismantlers.
- TMS is currently responsible for 1% of ELVS switch recovery fees and 19% of general operating expenses based on our current market share.

Quality Compliance [AD]